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of Wells Fargo Advisors

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"History doesn't repeat itself, but it often rhymes."

- Mark Twain

The market closure honoring President Jimmy Carter on January 9, 2025, serves to remind us of the historical echoes that connect his presidency to our current times. For those of us who lived through Carter's term—a period marked by profound economic, political, and geopolitical challenges—the parallels to today are striking. But these

parallels also offer powerful lessons about resilience, progress, and optimism.

Parallels Across Time

President Carter's term began in the wake of the Watergate scandal, amidst deep political divisions. The economy was grappling with runaway inflation, spurred by high energy costs, and there was widespread concern about America's global standing. The geopolitical landscape was fraught: the fall of the Shah's government in Iran, the ensuing hostage crisis, and escalating tensions with the USSR painted a picture of instability and existential threats.

Fast forward to today, and the challenges feel eerily familiar. Inflation has recently surged, energy costs remain a concern, and geopolitical tensions—from conflicts in the Middle East to the rise of China as a strategic rival—dominate headlines. Political divisions persist, marked by debates over the events of January 6, 2021, much like the Carter era's lingering shadow of Watergate. During Carter's term, the U.S. had recently exited Vietnam under difficult circumstances; today, the Biden administration's withdrawal from Afghanistan evokes similar questions about leadership and strategy. Carter's presidency saw U.S. citizens held hostage in Iran, while in 2025, American citizens remain hostages in the Middle East under Hamas. Just as an unconventional leader, Ronald Reagan succeeded Carter, so too Biden's successor, Donald Trump is a controversial figure in his own right.

These specific parallels remind us that, while history doesn't repeat, it certainly rhymes.

Lessons from the *Availability Heuristic*

Barbara Tuchman once wrote, "*The illusion of uniqueness clouds our understanding of the past and the present, tempting us to see our struggles as unprecedented when they are often recurring patterns.*" This resonates with the psychological principle known as the **Availability Heuristic**: our tendency to focus on recent or vivid events while underestimating historical context. By recognizing these patterns, we can draw confidence from past recoveries and innovations, even amidst today's challenges.

"The stock market is filled with individuals who know the price of everything, but the value of nothing."

- Philip Fisher

From Crisis to Progress: Lessons from the S&P 500

When Carter left office on January 20, 1981, the S&P 500 stood at 135.76. Today, it exceeds 4,500. That's a total return, including dividends reinvested, of over **30,000%**. Investors in U.S. equities during this period have seen remarkable wealth creation, with aggregate dividends paid to shareholders reaching **trillions of dollars**.

To further highlight this transformation, consider the 10 largest companies in the S&P 500 by market capitalization at the end of Carter's presidency: names like Exxon, General Motors, and IBM dominated. At the time, their combined market cap was approximately \$300 billion. Compare this to the 10 largest companies at the end of Biden's presidency, led by technology giants like Apple, Microsoft, and Amazon, whose combined market cap exceeds \$12 trillion. This shift reflects the unparalleled innovation and economic growth of the last four decades.

Technological and Societal Transformations

The past four decades have witnessed breathtaking advances:

- **Technology:** The emergence of personal computing, the internet, cellular communication, mobile computing, the Cloud, Artificial Intelligence (AI), and satellites have revolutionized how we live and work.
- **Health Care:** Breakthroughs in treatments, vaccines, and life-saving technologies have dramatically extended life expectancy and improved quality of life globally.
- **Energy:** During Carter's presidency, the U.S. was almost entirely dependent on the Middle East to meet its energy demands. Today, the U.S. is not only energy independent but also one of the largest energy producers in the world. This shift reflects decades of innovation.
- **Transportation:** From electric vehicles to space exploration that almost feels routine today, human ingenuity continues to push boundaries.

These advancements are not mere conveniences; they are reflections of human potential. They have lifted billions out of poverty, increased global life expectancy, and raised education levels worldwide. According to the World Bank, global extreme poverty rates have fallen from 42% in 1981 to less than 10% today. In the U.S., life expectancy has risen, and access to education and technology has expanded opportunities for millions.

"The best way to predict the future is to create it."

- Peter Drucker

Why This Matters to You

We live in an era bombarded by negativity and divisive information, which can cloud judgment and derail sound decision-making. One of our most important mandates is to remain objective, tethered to facts, sound analysis, and goals-based planning. As Ben Graham famously pointed out, *"The essence of sound portfolio management is the management of risks, not the management of returns."* By focusing on risks, returns take care of themselves.

However, while avoiding excessive optimism, we also recognize the dangers of succumbing to negativity. Behavioral finance shows us that overly negative views can lead to excessive risk aversion, which can harm long-term outcomes just as much as taking on too much risk. By maintaining a long-term view and focusing on companies benefiting from persistent, durable trends, excellent management, strong balance sheets, and competitive moats, we help families navigate this delicate balance and achieve their goals.

As ultra-high-net-worth families, your wealth is not just a measure of financial success, but a tool to leave a meaningful legacy. The historical context reminds us that challenges are inevitable, but the opportunities that arise in their wake are immense. By remaining invested in America's capital markets, you participate in a system that has consistently delivered unparalleled wealth creation and societal progress.

These lessons also reinforce why our approach—anchored in your **Goals, Plan, Portfolio**—is so effective. Your goals define what matters most to you. We designed your plan to ensure flexibility in navigating life's uncertainties, and your portfolio is designed to harness the power of resilient markets to help you achieve what matters most: caring for loved ones, supporting meaningful causes, and leaving an enduring legacy.

A Legacy of Optimism

From the turmoil of the Carter years to today, America's greatest strength lies not in its leaders but in its people: individuals and families who rise every day to innovate, build,

and improve the world around them. This resilience is why we remain consistently optimistic about the U.S., its people, and its capital markets.

As we honor President Carter's life, let us also honor the lessons of history. Challenges will come and go, but the trajectory of progress—driven by human ingenuity and perseverance—is unwavering. Together, we can strive to ensure that your wealth serves its highest purpose, empowering you and your family to thrive for generations to come.

"The arc of history is long, but it bends toward justice."

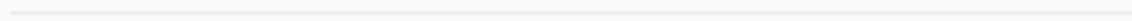
- Martin Luther King Jr.

Warm regards,

Robert Reich, CEPA

Managing Director-Investments

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